

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 L-03 NSC-05

SS-15 STR-04 CEA-01 H-01 /094 W

-----051657 161327Z /46

R 161130Z AUG 77

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 2953

INFO AMEMBASSY COTONOU

AMEMBASSY THE HAGUE

AMCONSUL KADUNA

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E.O. 11652: N/A

TAGS: EINV, EFIN, ECRE, BENC, NI

SUBJECT: MORRISON-KNUDSEN DECIDES AGAINST NIGERIAN COMPANY?

1. EMBASSY AUG. 15 RECEIVED COPIES OF IDENTICAL LETTERS DATED AUG. 10 FROM MORRISON-KNUDSEN INTERNATIONAL CO., INC., THE HAGUE, STATING THAT MK HAS DECIDED NOT REPEAT NOT TO QUOTE FORM AN ENTITY AT THIS TIME WITH A NIGERIAN COMPANY.....OUR MAIN REASON FOR DECIDING AGAINST FORMING A NIGERIAN COMPANY IS BECAUSE OF THE LIMITED RESTRICTIONS PLACED ON THE FOREIGN COMPANY IN THE REPATRIATION OF PROFITS. UNQUOTE. LETTERS SIGNED BY A.B. WILKINSON, ASSISTANT DIVISION MANAGER (WEST AFRICA), AND SENT TO E.O. ASHAMU AND SONS (HOLDINGS) LTD., MUSHIN, LAGOS, AND SKYLINE CONSTRUCTION CO., LTD., SURELERE, LAGOS. MK HAS BEEN ASSESSING NIGERIAN POSSIBILITIES FOR SEVERAL MONTHS.

2. LETTER RATHER VAGUELY WENT ON TO SAY MK STILL INTERESTED IN NIGERIAN MARKET, WILL MONITOR THE LARGER PROJECTS WITH TURNKEY POSSIBILITIES AND KEEP GOVERNMENT AGENCIES INFORMED OF MK'S INTEREST IN PACKAGE CONTRACT PROPOSALS WITH FINANCING.

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EXPRESSES HOPE THAT MK WILL BE CONSIDERED FOR FUTURE MAJOR PROJECTS, POSSIBLY WITH THE IN-COUNTRY ASSISTANCE OR SOME FORM OF JOINT VENTURE OR SUB-CONTRACT WITH ABOVE COMPANIES.

3. COMMENT: NOT CLEAR WHETHER MK HAS DECIDED AGAINST ASSOCIATING WITH ABOVE TWO COMPANIES ONLY OR WITH ANY NIGERIAN COMPANIES. NORMALLY, FOREIGN CONSTRUCTION COMPANIES CAN WORK

HERE ONLY IF INCORPORATED AND REGISTERED HERE AND MUST HAVE AT
LEAST 40 PER CENT NIGERIAN OWNERSHIP, REQUIREMENT WHICH WILL
INCREASE TO 60 PER CENT END
1978. EXCHANGE CONTROLS, HOWEVER, PROBABLY ARE MAIN REASON
FOR MK'S HESITANCY. IT IS BECOMING QUITE DIFFICULT TO REPAT-
RIATE WHAT SOME COMPANIES CONSIDER SATISFACTORY AMOUNT OF PROFITS
AS EXCHANGE CONTROLS AND THEIR ADMINISTRATION ARE TIGHTENED IN
RESPONSE TO SHRINKING FOREIGN EXCHANGE RESERVES. (BY COINCI-
DENCE, AUG. 15 WAS START OF COURT ACTION AGAINST SOME 50
ALLEGED MAJOR VIOLATORS OF EXCHANGE CONTROLS. DEFENDANTS SAID
TO INCLUDE SOME WELL-KNOWN NIGERIAN ENTREPRENEURS AND HEADS OF
SOME LARGE FOREIGN COMPANIES WHO FACE FIVE YEARS IMPRISONMENT.
ONE DEFENDANT SAID TO BE RELATIVE OF AN AUSTRIAN CABINET
MINISTER.) ON OTHER HAND, SOME AMERICAN CONTRACTORS APPEAR ABLE
TO LIVE WITH EXCHANGE REGULATIONS; TWO AND POSSIBLY THREE LARGE
FIRMS IN MK'S CLASS APPEAR NEAR END OF NEGOTIATIONS TO ESTABLISH
JOINT CONSTRUCTION VENTURES WITH NIGERIAN GOVERNMENT.
WYMAN

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Copy: SINGLE
Sent Date: 16-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
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